

29<sup>th</sup> April 2008**ACTIVITIES STATEMENT, MARCH QUARTER 2008**

Cortona Resources has had another very active quarter, with both exploration and corporate highlights including:

- ✪ **Significant intercepts extend gold mineralisation at Dargues Reef (incl. 16m @ 11.0g/t and 13m @ 8.33g/t)**
- ✪ **Initiates scoping studies to assess mining potential at Dargues**
- ✪ **Acquires Farmland incorporating Dargues Mining Lease**
- ✪ **Discovers significant widths and grades of gold mineralisation at Exeter Farm (incl. 19m @ 5.6g/t)**
- ✪ **100% uptake of Director and Promoter options, and 80% uptake of CRCO raises ~\$3.25M**
- ✪ **2 drilling rigs now operating at Majors Creek**

**SUMMARY**

Australian gold exploration company Cortona Resources can report the successful transition of its exploration focus into NSW, maintaining a high level of activity with a drilling rig operating throughout the March quarter at its 100% owned Majors Creek project. Three diamond drill holes and ten Reverse circulation (RC) holes were completed at the Dargues Reef gold deposit, and seventeen RC holes were drilled at the Exeter Farm prospect.

As a result of the successful drilling to date, the Company initiated scoping studies into the mining potential at Dargues, and metallurgical test work is underway. Cortona acquired the freehold farmland that incorporates the Dargues Reef Mining Lease, and now has unrestricted access to drill sites, as well as access to a sealed road and greater flexibility for infrastructure development. Ownership of the land should enable the Company to accelerate the potential development of the Dargues Reef gold deposit.

Approximately 14.8M Options were converted during the quarter, raising the Company ~\$3.26M.

## NEW SOUTH WALES EXPLORATION ACTIVITIES

### *Diamond and RC Drilling, Dargues Reef Gold Deposit (ML103)*

Following the stage 1 diamond drilling at Dargues Reef (DREX038-040), which successfully highlighted the up-dip continuation of mineralisation above 200m, Stage 2 targeted the eastern continuation of the broad mineralised intercept in Hole DREX027 from 170m to 300m below surface.

All 3 holes intersected the Dargues diorite, alteration and lodes in their predicted positions. DREX41 intersected severely fault disrupted lode reporting **2m @ 7.4g/t Au** and **5m @ 3.75g/t Au**.

Hole DREX042 intersected two high-grade lodes of Main/Big Blow style measuring **3.2m @ 15.4g/t Au** and **3m @ 8.87g/t Au** from 272.5 and 298.5m respectively. These intercepts correlate well with the intercepts in DREX032 below and DREX037 above. High-grade intercepts were also reported in the HB lodes from 380m (**3.5m @ 18.7g/t Au**) and 388m (**1.5m @ 15.8g/t Au**).



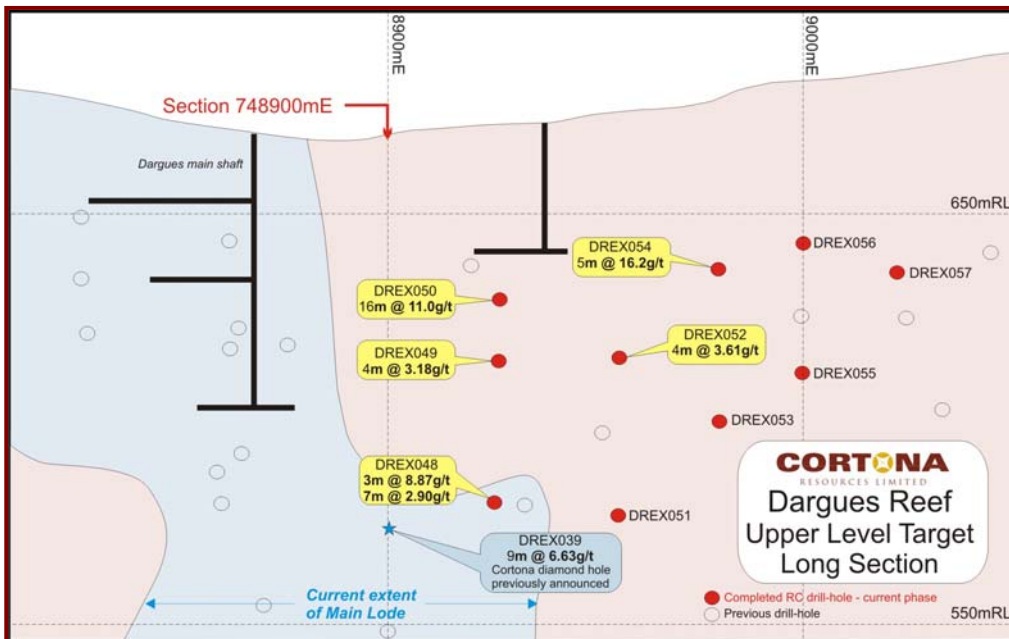
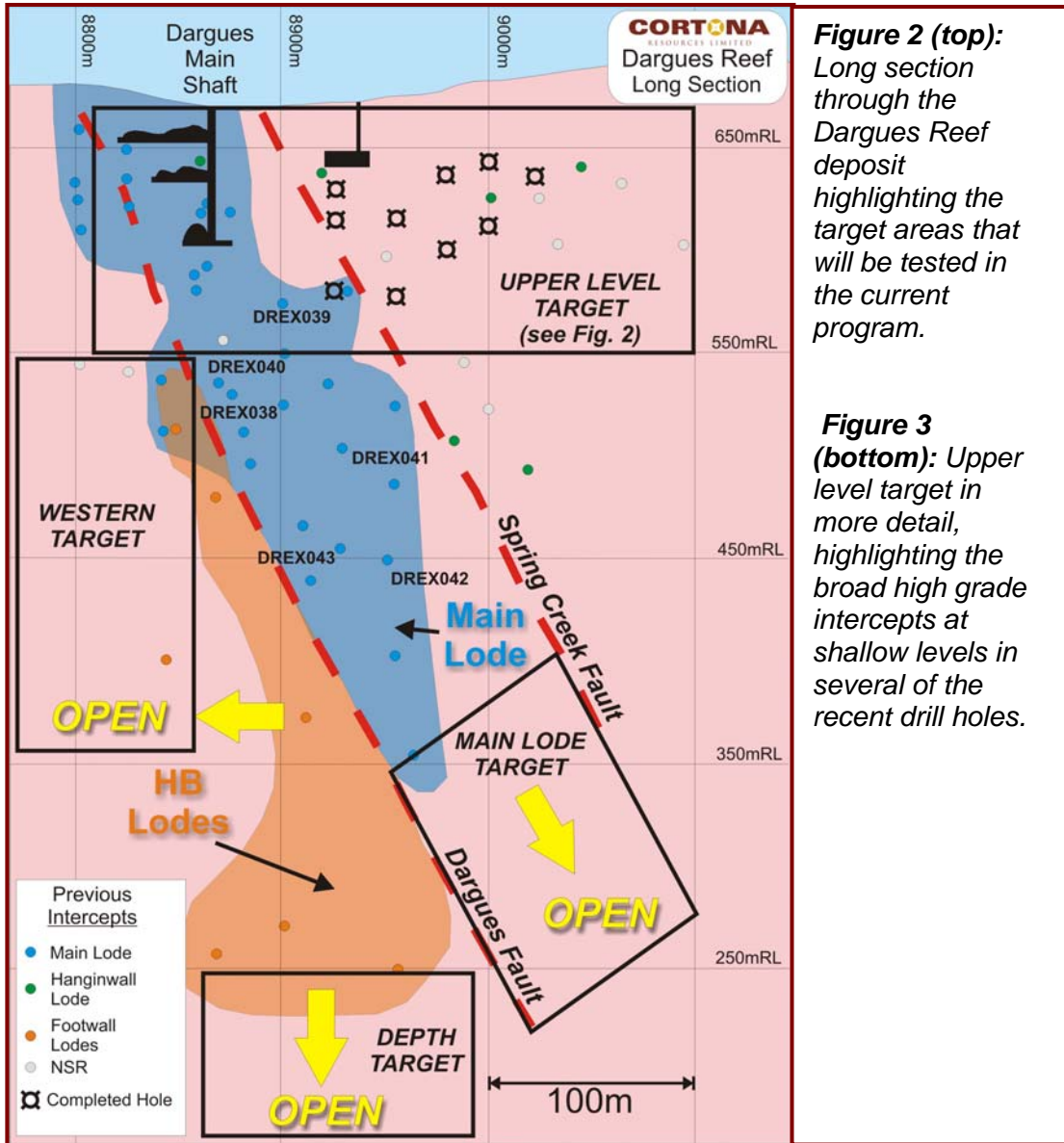
Figure 1: RC drill rig operating at Dargues Reef

DREX043 intersected a lode approximately 25m east and slightly down dip of DREX027 and contained **13m @ 8.33g/t Au** from 232m.

In addition to the deeper diamond drilling, Cortona is undertaking RC drilling along the shallower levels of the Dargues deposit with the aim of extending the existing resource and increasing the ounces per vertical meter. Fourteen holes were completed for a total of 1,910m.

Thus far, drilling has defined continuity of previously untested, near-surface extensions to the Dargues Main Lode system up to 80m east of Cortona's three diamond holes drilled on section 748900mE. A number of significant intercepts, including **16m @ 11.0g/t Au** and **5m @ 16.2g/t Au**, are within 50m of surface. Cortona now intends to step up

its resource definition and exploration activities at Majors Creek, and to this end a second drill rig is now on site.



## RC Drilling, Exeter Farm Prospect (EL6003)

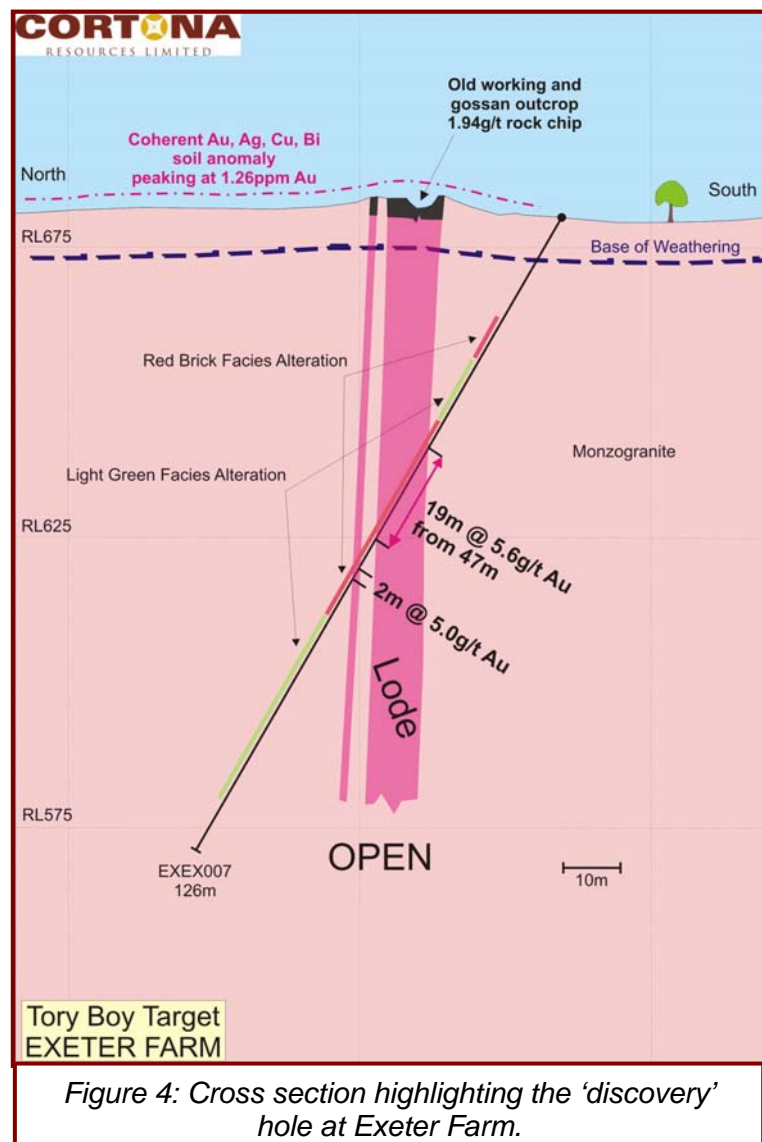
The Company identified a range of targets over a widespread area (~1km<sup>2</sup>) comprising mineralised gossans, soil anomalies, IP chargeability anomalies, and magnetic anomalies. The RC program was a first pass test of the nature of these anomalies. Seventeen holes were drilled for a total of 1,885m. Four of the eight targets were drilled to varying extents.

The majority of holes intersected Dargues Reef style alteration and low levels of gold mineralisation confirming the presence of a large mineralised system at Exeter Farm. Best results were from the *Tory Boy* target (EXEX007), which returned **19m @ 5.6g/t**, and the *Archer* target (EXEX014), which returned **9m @ 1.92g/t** gold.

Numerous broad, low-grade gold intercepts were encountered including; 31m @ 0.46g/t (EXEX021), 12m @ 0.26g/t (EXEX016), and 12m @ 0.24g/t gold (EXEX012). The Company interprets the results as confirming a large gold mineralising system displaying similar alteration characteristics and mineralised widths to Dargues Reef. The Company is currently reviewing the data in order to identify controls on the distribution of the higher gold grades.

### Scoping Studies

In March, Cortona announced the commencement of scoping studies into a potential mine development at Dargues Reef. Scoping will commence with metallurgical test work on a typical mineralised section of the Main Lode. Samples have arrived at the analytical laboratory in Perth where test work is taking place under the management of Independent Metallurgical Operations Pty Ltd (IMO). Initial results are anticipated in May.



## Farmland Acquisition

Cortona successfully acquired two blocks of freehold farmland at Majors Creek incorporating the Dargues Reef Mining Lease.



*Figure 5: NSW Exploration Manager Greg Cozens (right), and 'Intrusion Related Gold' specialist Dr Julian Stephens on the Dargues Reef discovery outcrop.*

Cortona will now have unfettered access to drill sites at Dargues and its environs, importantly in areas that have previously been restricted. Having this access greatly enhances the ability to target the resource. Additionally, ownership of the land will give greater flexibility for infrastructure planning.

This is the first time that this land has been offered for sale since the mid-1800's. Given that the Company has recently commenced scoping studies into the potential development of Dargues the opportunity to gain title to the land was timely.

Cortona paid \$1.7M cash for the freehold, which comprises 2 contiguous blocks of land covering a total area of 319ha. The price paid is in line with the current agricultural land price in the area.



*Figure 6: Drill-logging at Dargues Reef*

**Christmas Gift (EL6010), Booths Reward (EL6012, EL6445), Winderera JV (EL6161)**

No Exploration was undertaken on these projects during the March quarter.

**Eugowra (EL6880)**

Cortona undertook a reconnaissance trip to the Eugowra project. The Company is currently seeking quotes for an airborne magnetic/gravity/radiometric survey over the tenement.

**WESTERN AUSTRALIAN EXPLORATION ACTIVITIES**

The tenement reversion program is almost complete at the North Monger Project, following which Cortona will have new prospecting licences across the whole project.

The Company is finalising a prospectivity map and targeting review over the Project. High-ranking targets are likely to be drill tested during the year.

**CORPORATE ACTIVITIES**

On January 31, three million Options that were issued to Directors and Promotors upon the formation of Cortona Resources reached expiry. All were exercised at the strike price of \$0.30c, raising \$900,000.



*Figure 7: Media representatives and analysts with Peter van der Borgh (third from right) at the Copper Ridge prospect during a recent site visit to Majors*

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A further 14.875M options with an exercise price of \$0.20c reached expiry on March 31. These options were issued approximately 3 months after the March 21 2006 listing, and traded as CRCO. An 80% take-up (11,831,803) raised an additional \$2.3M for the Company.

Following the conversion of these Options the Company has ~91M fully paid shares on issue.

Managing Director Peter van der Borgh increased his shareholding in the Company to 5.3% via the conversion of one million \$0.30c Options and one million \$0.20c Options.

## **LOOKING AHEAD**

Cortona is accelerating its drilling activities at Majors Creek. A second drill rig is now on site and working at Dargues Reef. The Company expects to complete the upper level RC drilling by late May.

The Jindrill rig will soon revert back to diamond drilling to test the down plunge continuation of the Main Lode, and strike and dip extensions of the HB Lodes. The Company remains on track for a resource upgrade during the third quarter of the calendar year.

Metallurgical test work is underway on an interval of Dargues Reef mineralisation, and preliminary results are due during May. The results will give the Company an indication of the process route that will best suit a development at Dargues, and lead into broader scoping studies and mine planning.

A soil-sampling program across the broader Dargues environs is continuing to add significantly to the Company's understanding of the controls on mineralisation and the broader alteration characteristics. Additional exploration targets are expected to result from this work.

Cortona ended the quarter with approximately \$5.5M cash following the farmland acquisition, and is adequately funded to meet its immediate resource and exploration objectives.

Yours Faithfully

Peter van der Borgh  
Managing Director

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**Table 1: Significant intercepts, March quarter 2008.**

Hole ID	Prospect	AMGE	AMGN	Hole Depth (m)	From (m)	Interval (m)	Au (g/t)
<b>Diamond Drilling</b>							
DREX041	Dargues	748917	6062782	378	188	<b>2</b>	<b>7.40</b>
DREX041	Dargues				193	<b>5</b>	<b>3.75</b>
DREX042	Dargues	748951	6062754	460	272.5	<b>3.2</b>	<b>15.4</b>
DREX042	Dargues				298.5	<b>3</b>	<b>8.87</b>
DREX042	Dargues				380.5	<b>3.5</b>	<b>18.7</b>
DREX042	Dargues				388.5	<b>1.5</b>	<b>15.8</b>
DREX043	Dargues	748967	6062686	318	232	<b>13</b>	<b>8.33</b>
<b>RC Drilling</b>							
DREX047	Dargues	748898	6062773	144	94	<b>1</b>	<b>6.40</b>
DREX048	Dargues	748921	6062763	150	100	<b>3</b>	<b>8.87</b>
and	Dargues				107	<b>7</b>	<b>2.90</b>
DREX049	Dargues	748921	6062764	74	64	<b>4</b>	<b>3.18</b>
and	Dargues				72	<b>2</b>	<b>3.34</b>
DREX050	Dargues	748921	6062768	138	48	<b>16</b>	<b>11.0</b>
DREX051	Dargues	748972	6062765	174	69	<b>2</b>	<b>2.86</b>
and	Dargues				144	<b>3</b>	<b>3.45</b>
and	Dargues				154	<b>2</b>	<b>8.55</b>
DREX052	Dargues	748972	6062766	148	22	<b>3</b>	<b>2.67</b>
and	Dargues				67	<b>4</b>	<b>3.61</b>
DREX054	Dargues	748974	6062767	147	49	<b>5</b>	<b>16.2</b>
DREX055	Dargues	748997	6062758	147	32	<b>5</b>	<b>2.95</b>
EXEX007	Exeter Farm	749950	6064662	126	43	<b>37</b>	<b>3.32</b>
including	Exeter Farm				47	<b>19</b>	<b>5.60</b>
and	Exeter Farm				71	<b>2</b>	<b>5.00</b>
EXEX014	Exeter Farm	749774	6064787	153	93	<b>9</b>	<b>1.92</b>

Note: only intercepts of >5 gram-metres reported. Intercepts >15 gram-metres are highlighted in red.

## **ABOUT CORTONA RESOURCES**

*Cortona Resources is a Perth based gold explorer with projects in New South Wales and Western Australia hosting a resource inventory of ~390,000 ounces of gold. The Company has a dynamic exploration team based in offices in Orange (NSW) and Kalgoorlie (WA). Cortona has ~91M fully paid shares on issue.*

For further information please contact:

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**Suzie Foreman (Company Secretary) on +61 (0)422 004701**

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**Competent Persons:** The contents of this report that relate to geology and historical exploration are based on information compiled by Mr Peter van der Borgh, who is a Professional Geologist and Fellow of the Geological Society of London. He has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Peter van der Borgh consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.



## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CORTONA RESOURCES LIMITED

ABN

98 117 848 790

Quarter ended ("current quarter")

31 March 2008

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(579)	(1,967)
(b) development	-	-
(c) production	-	-
(d) administration	(297)	(841)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	100	274
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other – Tenement Bonds	-	(50)
<b>Net Operating Cash Flows</b>	<b>(776)</b>	<b>(2,587)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	(15)	(31)
1.9 Proceeds from sale of:		
(a) tenements		
(b) equity investments		
(c) other fixed assets	20	20
1.10 Payment of subsidiary net of cash acquired	-	(5,000)
1.11 Loans repaid by other entities	-	-
1.12 Payment for purchase of land at Caloola – Majors Creek	(1,719)	(1,719)
<b>Net investing cash flows</b>	<b>(1,714)</b>	<b>(6,730)</b>
1.13 Total operating and investing cash flows (carried forward)	(2,490)	(9,317)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,490)	(9,317)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	4,311
1.15	Proceeds from exercise of options	2,671	2,708
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	(513)
	<b>Net financing cash flows</b>	2,671	6,506
	<b>Net increase (decrease) in cash held</b>	181	(2,811)
1.20	Cash at beginning of quarter/year to date	5,037	8,029
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	5,218	5,218

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Includes salaries and superannuation contributions for all directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	1,970
4.2 Development	
<b>Total</b>	<b>1,970</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,637	387
5.2 Deposits at call	3,581	4,650
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,218</b>	<b>5,037</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	n/a		
6.2	Interests in mining tenements acquired or increased	n/a		

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	81,396,692	81,396,692		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,000,000 2,377,921	3,000,000 2,377,921	30 cents 20 cents	30 cents 20 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	12,284,563	12,284,563	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 March 2008
	1,000,000	-	40 cents	31 December 2008
	75,000	-	25 cents	21 May 2009
	75,000	-	25 cents	21 May 2010
	100,000	-	30 cents	20 October 2008
	50,000	-	25 cents	27 March 2009
	50,000	-	25 cents	27 March 2010
	2,500,000	-	50 cents	30 June 2010
	8,000,000	-	35 cents	5 July 2009
	8,000,000	-	50 cents	5 July 2012
	1,000,000	-	45 cents	30 June 2010
	75,000	-	41 cents	18 June 2010
	75,000	-	41 cents	18 June 2011
	100,000	-	50 cents	18 June 2009
	100,000	-	50 cents	30 June 2011
	100,000	-	50 cents	30 June 2010
	150,000	-	41 cents	30 June 2011
	50,000	-	52 cents	30 November 2010
	100,000	-	60 cents	30 November 2011
7.8 Issued during quarter				
7.9 Exercised during quarter	3,000,000 2,377,921	- -	30 cents 20 cents	31 January 2008 31 March 2008
7.10 Expired during quarter				

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 29 April 2008  
Company Secretary

Print name: Suzie Foreman

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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